

USDA/FNS/Food Distribution

Project No. 10 (Active)

Project No. 10: Guaranteed Return Option (an adjunct to PCCP project #1)
State Partner: All States receiving product from PCCP-GR approved processor
Industry Partners: Pierre Foods

Scope: Pierre Foods processed red meat products school year 2002 and 2003 under the GR pilot. The project has been extended through 2004 to test recently drafted procedures.

Background: Currently processors for meat and poultry are required to commit to a minimum guaranteed return, with full expectation that the actual production will exceed the guaranteed minimum. This requirement holds the processor accountable for a minimum amount of finished product to be provided to school districts and typically results in schools receiving an uncertain quantity of processed product back from a given amount of donated food. The intent of the pilot is to explore how a guaranteed return could eliminate the uncertainty of the current system.

Project Description: First, the processor must be operating under an approved USDA Process Control Certification Program. The processor would determine the "guaranteed return" based on the average return of cooked for raw material rather than the minimum. This would eliminate deliveries of excess product. Finished cases would be delivered to districts based on the Guaranteed Return.

Extra products would be "banked" until the next production run of the same product. Monthly Performance Reports (MPR) would document the product shipped. Banked cases would be used to make up production runs that fell short of the Guaranteed Return. Actual returns and all shortages and overages would be tracked on a National MPR.

At the end of the year, extra-banked product would not be distributed against a specific district's allocation but would be sold to eligible schools at the fee for service. The higher guaranteed return coupled with the use of overages to offset the shortages should result in a minimum of excess product remaining at the end of the year.

The guaranteed return project must be done in conjunction with the PCCP project. Once PCCP systems are in place and running successfully the GR is available on an approval basis only.

Status: This is a work in progress. The partners have drafted procedures to handle over/shorts and account for every pound of beef. Partners met in March 2003 to assess the program and work out reporting procedures for the next school year. Standardized reports and instructions are being developed and will be available to processors with PCCP approved plans.

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